

20 APR 1982

Memorandum for: DDI

DDI- 3300-81

Attached for your review is a copy of a draft briefing paper on European energy supplies being prepared for the Versailles Summit. [redacted] has requested that we provide him with a copy by 20 April so that it may be passed to the Director of the Office of Policy Development at the White House per the attached request.

The NSC has instructed that draft papers must be circulated by 22 April with cleared drafts due to the Executive Secretariat of the Department of State by 27 April. If the attached draft meets with your approval, copies will also be sent to State Department, International Energy Policy and the Department of Energy, Office of International Affairs for coordination/clearance.



[redacted]  
Director,

**O G I**

Office of Global Issues

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Washington, D.C. 20505

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82-2422/5A

21 APR 1982

MEMORANDUM FOR: Roger B. Porter  
Director, Office of Policy Development  
The White House

FROM :   
Executive Secretary

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SUBJECT : Versailles Summit Draft Briefing Paper

Attached per your request of 7 April 1982 is a copy of the draft briefing paper on European energy supplies being prepared for the Versailles Summit. Copies are also being sent for coordination and clearance to International Energy Policy at the Department of State and the Office of International Affairs at the Department of Energy.

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Attachment:

Key Issues Paper: European Energy Supplies

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Key Issues Paper  
European Energy Supplies

### I. Statement of the Issue

Western Europe is currently dependent on non-European sources for about 50 percent of its energy needs, a situation that will continue for the foreseeable future.

### II. Essential Factors

Although overall dependence is high, it varies significantly between fuel types.

- o Oil consumption accounts for 55 percent of European energy use. Nearly 85 percent of the oil is imported. OPEC supplies approximately 80 percent of total imports, while the USSR supplies an additional 10 percent.
- o Coal consumption accounts for about 20 percent of European energy use. Approximately 20 percent of the coal consumed is imported, with the United States accounting for about 40 percent of total imports. Although coal's share in total energy consumption is expected to rise over the next decade, imports are likely to increase to more than one-third of total coal consumption by 1990.
- o Natural gas consumption accounts for about 15 percent of European energy use. Currently only about 15 percent of the natural gas consumed is imported, two-thirds of which comes from the USSR. By 1990, however, more than 40 percent of the natural gas consumed in Europe will be imported, with about half of the total coming from the USSR.
- o The remaining 10 percent of European energy needs are primarily met through domestic hydroelectric and nuclear power.

### III. Key Points

Energy policy should focus on developing alternative sources of supply and diversification away from unreliable or insecure suppliers.

- o North Sea gas vs Soviet gas. North Sea gas could provide an alternative to future purchases of Soviet gas. Norway alone could supply sizable additional volumes of gas by the mid-1990s, provided the market is not preempted by major additional Soviet gas sales. A triangular gas deal involving Norway, the United Kingdom and the Continent could provide some additional supplies by the late 1980s and provide new pipeline grids for added security.
- o North African gas vs Soviet gas. Three potential suppliers—Algeria, Nigeria and Cameroon—could provide significant additional gas supplies by the early 1990s.
- o OECD coal vs OPEC oil and Soviet gas. Suppliers such as the United States, Canada, and Australia are in a position to meet their own growing requirements and the import needs of Western Europe.
- o Development of alternative energy sources vs increased reliance on fossil fuels. Nuclear energy needs continued government support while falling real oil prices may require government incentives to encourage development of other non-oil energy sources.

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